

STATEMENT OF KAREN TAYLOR-GOODRICH, ASSOCIATE DIRECTOR, VISITOR AND RESOURCE PROTECTION, NATIONAL PARK SERVICE, U.S. DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS, AND PUBLIC LANDS OF THE HOUSE COMMITTEE ON NATURAL RESOURCES CONCERNING H.R. 1143, A BILL TO AUTHORIZE THE SECRETARY OF THE INTERIOR TO LEASE CERTAIN LANDS IN VIRGIN ISLANDS NATIONAL PARK, AND FOR OTHER PURPOSES.

OCTOBER 30, 2007

Mr. Chairman, thank you for the opportunity to provide the Department of the Interior's views on H.R. 1143, a bill to authorize the Secretary of the Interior to lease certain lands in Virgin Islands National Park, and for other purposes.

The Department supports the general intent of H.R. 1143 and what it seeks to accomplish. However, we would like the opportunity to work with the Subcommittee to clarify the terms and conditions of the lease and when the lease would take effect.

H.R. 1143 would allow the Secretary of the Interior to enter into a lease with the current holder of a retained use estate at Virgin Islands National Park for the Caneel Bay property, which is currently operated as a luxury resort, after the termination of the retained use estate and donation of all improvements to the National Park Service (NPS).

Without H.R. 1143 the NPS does not have the authority to enter into a lease, in accordance with 36 CFR §18, Leasing of Properties in Park Areas, without issuing a Request for Bids or a Request for Proposals. A noncompetitive lease could only be issued under two circumstances – by issuing the lease to a nonprofit organization or unit of government, or by entering into a short-term, 60-day or less lease, neither of which would apply in this case.

Caneel Bay Resort is one of two large resorts on the island of St. John. The resort is located on a 150-acre peninsula on the northwest side of the island of St. John and caters to an upscale clientele that stays an average of 6 nights and 7 days. The resort has approximately 425 to 450 employees and serves as one of the primary economic engines for the U.S. Virgin Islands. A large number of employees travel daily to St. John from their residences on neighboring St. Thomas. The resort is also an Economic Development Center beneficiary and, as such, receives various tax exemptions from the Government of the Virgin Islands.

The resort was established in 1956 by Laurance S. Rockefeller and the Jackson Hole Preserve. In 1983, Jackson Hole Preserve donated the land at Caneel Bay to the United States Government for inclusion within Virgin Islands National Park and reserved the right to continue its operations under a retained use estate. Jackson Hole Preserve did not convey the improvements on the land to the United States at that time. The reserved use estate is scheduled to expire on September 30, 2023. The warranty deed stipulates that when the retained use estate terminates, the owner of the retained use estate must donate the buildings and other improvements to the NPS.

Enactment of H.R. 1143 would allow the current holder of the retained use estate to negotiate a long-term lease with the NPS that could extend the Caneel Bay Resort operation well beyond the year 2023. Such an extension could allow the leaseholder to secure financing and undertake other long-term operational measures that might not be possible under the provisions of the current retained use estate.

The NPS has evaluated various options for the future use and management of the Caneel Bay property. Based upon a value analysis, we determined that the continued future operation of Caneel Bay as a resort under a lease would provide the greatest advantage to the NPS and the U.S. Virgin Islands. A lease could provide economic and administrative benefits to the NPS and the lessee that are not available or not as viable as under a retained use estate or a concession contract, two of the other options that were examined.

Any lease agreement would have to address the continued protection, preservation, and restoration of the property's structures, many of which are more than 50 years old and may be National Register eligible. The lease agreement would also have to determine the fair market value of the property, any constraints on development of property during the term of the lease, and the ability to transfer the lease in the future. Also, when the current retained use estate was finalized there were three small properties that are integral to the operation of the Caneel Bay resort that were not included. We would like to include these properties under the terms of the lease. Finally, H.R. 1143 may need to be amended to clarify the intent of the bill regarding when the current retained use estate would expire and when the new lease would begin. We will be happy to work with the Subcommittee to develop these amendments.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to answer any questions you or other members of the Subcommittee may have.